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**Canadian Vickers
Limited**

Semi-Annual Report

TO THE SHAREHOLDERS

**FOR THE SIX MONTHS ENDED
MAY 31, 1968**

CANADIAN
 **VICKERS**
LIMITED

5000 Notre Dame E., Montreal 4, Canada

To Our Shareholders

Consolidated net earnings for the six months ended May 31, 1968 amounted to \$183,398 or 34 cents per share. This figure does not include capital profits of \$860,277 which are shown separately.

This being the first time a semi-annual statement has been issued comparative figures for 1967 cannot be given. A large loss for the full 1967 fiscal year however is of record.

Agreement was reached during February to sell the fixed assets and inventories of your Geo. T. Davie Division to Davie Shipbuilding Limited and this agreement was consummated on June 13, 1968 after the last ship was delivered. The results of this sale are reflected in the half yearly accounts.

Encouraging results are beginning to show in the Shipbuilding Division due to more sophisticated planning and cost controls. Ship repairing, while profitable, has suffered a reduction in volume from decreased activity in the Port of Montreal.

The Industrial Division operating below capacity has nevertheless shown reasonable

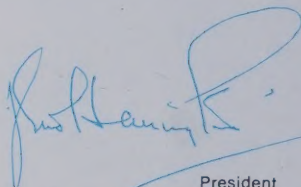
profit margins and its prospects for the balance of 1968 are favourable.

The total volume of work produced during the first six months of 1968 is only slightly less than in 1967 despite the phasing out of the Geo. T. Davie Division and the completion of the Montreal Metro cars early in 1967.

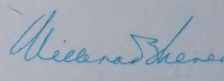
New orders received in the period amounted to \$16,037,000 compared to \$7,399,056 for the same period in 1967. Larger jobs of interest were a container ship for British Yukon Navigation Company Limited and gallery cars for the C.P.R. Montreal commuter system. Substantial work was also obtained in the Defence Sharing area.

Backlog of work amounts to \$35,310,000.

During the period the "Norman McLeod Rogers", a gulf icebreaker for the Department of Transport, was launched and the bulk carrier, "Ralph Misener", was delivered.



President



Chairman of the Board

CANADIAN VICKERS, LIMITED

(and its subsidiary companies)

6 months ended May 31, 1968

Income and Expenditure

Sales produced	\$24,096,104
Profit before income taxes	\$ 197,398
Provision for income taxes	14,000
Net profit for 6 months	<u>\$ 183,398</u>

Consolidated Surplus

Balance, December 1, 1967	\$ 4,286,739
— Net profit from operations	183,398
— Profit on sale of fixed assets	860,277

Balance, May 31, 1968 \$ 5,330,414

Source and Application of Funds

Funds Provided:

Net profit from operations	\$ 183,398
Depreciation	546,098
Sale of investments	7,215
Sale of fixed assets	1,578,725
Total funds provided	<u>\$ 2,315,436</u>

Funds Applied:

Purchase of fixed assets	\$ 296,066
Payment of past-service pensions	65,597
Repayment on debenture and mortgages	625,000
Increase in minority interest deficit	54,437

Total funds applied \$ 1,041,100
Increase in Working Capital \$ 1,274,336